DOCUMENT RESUME

ED 211 763 CE 031 047

AUTHOR	Rassen, Rachel L.
TITLE	Getting Down to Business: Travel Agency, Module 9. Teacher Guide. Entrepreneurship Training Components.
INSTITUTION	American Institutes for Research in the Behavioral Sciences, Palo Alto, Calif.
SPONS AGENCY	Office of Vocational and Adult Education (ED), Washington, D.C.
PUB DATE	Apr 81
CONTRACT	300-79-0535
NOTE	34p.; For related documents see CE 031 026-101 and CE 031 324.
AVAILABLE FROM	Wisconsin Vocational Studies Center, 964 Educational Sciences Bldg., Madison, WI 53706 (Order No. ETC10022, $3.00, 25% discount on 100 or more of same title. Complete set--ETC100--$200.00).
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Administrator Role; Advertising; *Business Administration; *Business Education; *Business Skills; Financial Support; Information Sources; Learning Activities; Learning Modules; Money Management; Recordkeeping; Salesmanship; Secondary Education; Teaching Methods
IDENTIFIERS	*Entrepreneurship; Small Businesses; *Travel Industry

ABSTRACT

This is the ninth in a set of 36 teacher guides to the Entrepreneurship Training modules and accompanies CE 031 046. Its purpose is to give students some idea of what it is like to own and operate a travel agency. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Travel Agency; Choosing a Location; Getting Money to Start, Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study; responses to individual activities; responses to discussion questions; and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

Entrepreneurship Training Components

etc

AMERICAN INSTITUTES FOR RESEARCH IN THE BEHAVIORAL SCIENCES P.O. Box 1113, 1791 Arastradero Road, Palo Alto, California 94302

ED2111763

GETTING DOWN TO BUSINESS:

Travel Agency

Module 9

Teacher Guide

CE031047

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

C. Kaplan

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

The information reported herein was obtained pursuant to Contract No. 300-79-0535, Office of Vocational and Adult Education, U.S. Education Department. Contractors undertaking such projects under government sponsorship are encouraged to document information according to their observation and professional judgment. Consequently, information, points of view, or opinions stated do not necessarily represent official Education Department position or policy.

GETTING DOWN TO BUSINESS:

Travel Agency

Rachel L. Rassen

April 1981

Developed at the American Institutes for Research
under support from the
Office of Vocational and Adult Education
U.S. Education Department

TABLE OF CONTENTS

Overview 1

Suggested Steps for Module Use 4

Introduction 4

Unit 1 5

Unit 2 7

Unit 3 10

Unit 4 12

Unit 5 14

Unit 6 16

Unit 7 18

Unit 8 19

Unit 9 22

Summary 23

Quiz 24

Suggested Readings 26

Goals and Objectives 27

OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a travel agency. Students will have an opportunity to make the same decisions that the owner of a travel agency makes. While the module is not a complete "how-to" manual, the individual lessons will provide your class with the chance to do many of the planning and daily activities that the small business owners do.

Today, owners of small businesses face many problems--some minor, some that threaten their very existence. These problems reflect the constant changes that our society is going through--economic, cultural, and technical. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give your class the opportunity to discuss them and develop, on a hypothetical basis, solutions for themselves.

You may want to present this module after completing Module 1, Getting Down to Business: What's It all About? Module 1 is a 16-hour program covering a more in-depth approach to owning any small business. The terms that are introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit the travel agency specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a page listing the unit's goal and objectives.

2. Case Study--an account of a travel agency owner for a more intimate view of owning a travel agency.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class periods	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (15 minutes, or integrate within first hour of Unit 1)

I. In introducing this module, you will probably want to find out what students already know about the travel agency business. Questions to ask are:

- Ask what they know about the travel agency business. Students will probably be most familiar with various vacation packages and tours arranged by travel agencies.
- Ask if they know how travel agencies work with and for the airlines, railroads, cruise lines, hotel chains, etc.
- Ask if they know any small independent travel agencies.
- Ask them what they think the advantages and disadvantages of owning their own travel agency might be.

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities travel agency owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Travel Agency (1 class period)

I. Vocabulary:

commissioner	automation
income	profit
franchise	operating capital
leisure dollars	

II. Case Study: Danielle Ponti talks about the excitement of working in the travel business and opening up her own business. She talks about the benefits and advantages of operating a travel agency as well as the disadvantages.

Text: Glamour, the Big Attraction
Who Will Come to You?
Is There Room for You?
Should You Go It Alone, or Should You Franchise?
Is Running a Travel Agency for You?

Points to Cover:

1. You may want to tell students that while everyone can learn to fill out tickets correctly, not everyone may like running a travel agency, or even working in one. While the opportunity to travel cheaply is very appealing, the day-to-day work involves a lot of typing, filing, and organizing. In short, in order to be a good travel agent, you have to have good secretarial skills in addition to sales ability.

2. While a franchise may be a quick way of getting into the business, your freedom of choice in how you are going to operate is limited. A franchise operation should be thoroughly investigated before you invest in it.

3. Different cities and states have different licensing and legal requirements for opening a travel agency business. However, in addition to these regulations, travel agents have to be concerned with Air Traffic Conference (ATC) and International Air Transport Association (IATA) regulations. Without meeting all these requirements, a travel agency will not be able to open for business.

III. Responses to Individual Activities

1. Responses to this question will vary depending on the community. All agencies will provide competition, as well as the major airline ticket offices. However, different agencies

will stress different services--their history of reliability, vacation packages, business arrangements, reservation services, etc., which may contribute to their success.

2. Responses may include:
   ability to organize
   ability to work with people and listen to clients
   patience
   a sense of humor
   flexibility

3. Student responses will vary. Courses in business management and administration as well as typing and secretarial courses would be appropriate. Although not mentioned in the text, courses in geography would be helpful. In addition, there are a variety of special courses that specifically train travel agents.

4. a) $369.11
   b) $460.79
   c) $604.18
   d) $ 78.63
   e) $121.43
   f) $ 37.80

5. A franchise is a business that is owned independently, but is operated as though it were part of a large chain. Under a franchise, services are standardized, and trademarks, advertising, and store appearance are limited. There is also a fee involved.

   Many travel agencies are franchising because of the increasing costs and complexity of operating a travel agency. Bigness is important in attracting regular customers. The possibility of central office managment expertise and help in buying a computer has led to a trend in the travel business toward franchising.

IV. Responses to Discussion Questions

1. It takes a lot of capital simply to open a travel agency. It is also complicated, difficult, and risky. An agency can increase its chances for success by specializing in a particular type of service for clients, by focusing on a particular target market, and by providing the personal services and attention that customers appreciate. Franchising also allows travel agencies to use "tried and true" ideas and a famous name to get started. In franchises, too, agencies can get good rates for equipment, for group travel, etc.

2. The customers of a travel agency are people who need to go someplace. In general, there are two types of customers: business customers and vacation customers. Agencies that

cater to a particular type of customer and develop a reputation for personalized service add to the likelihood of success.

3. Student responses to this question may vary. However, the real concern here is the amount of "leisure money" available to spend on "extravagances" such as vacation travel. A good tennis racquet lasts a lot longer than a week's vacation. People have to be "sold" on travel and its benefits.

4. Student responses will reflect the legal and licensing requirements of the particular state and community.

5. In general, the fixed commission rates affect the travel business by increasing the emphasis on volume of sales and the sale of relatively expensive (and higher commission) vacation packages.

V. Group Activity

You may wish to divide the class into small groups for this activity and have each group interview a travel agent or travel agency owner in the community.

Prior to these interviews, have students list their questions and concerns about the travel business. Have students share these lists in class and make one standard list for all students to use.

When students have completed their assignments, have a representative from each group present the group's findings to the class. Discuss the differences and similarities in the students' findings.

Unit 2 - Choosing a Location (1 class period)

I. Vocabulary: Chamber of Commerce
commercial accounts
leisure dollars
flat rental system
percentage of sales agreement

II. Case Study: Danielle talks about the importance of finding the right location for her travel agency and knowing her market.

Text: You Come First
Taking a Good Look Around
Questions to Ask When You Choose Your Site
Renting or Leasing a Storefront

Points to Cover:

1. You may want to discuss the general factors involved in selecting a location: the community, make-up of population by age groups and professions, growth rate of the town and area, labor conditions, industries, etc.

2. Other factors to consider when selecting a location for an office are insurance rates, appearance of existing buildings, zoning restrictions, and location within the block. Also, in order to get ATC certification, the location must be acceptable to ATC. ATC will not approve a site on the upper floors of a high rise, a location on airport property, or one that is inside a hotel--unless the agency has a street-front location with separate access not requiring passage through the hotel itself. There are other restrictions on location within private clubs, residences, etc.

3. Another factor with regard to location is that a highly visible site with extensive foot traffic may do more harm than good, according to travel agency experts. A large amount of time can be spent on walk-ins who will never buy from you. Discuss the need to choose a location that strikes a balance: visibility but moderate foot traffic.

III. Responses to Individual Activities

1. Sources of information about location may include:

   real estate agents
   community banks
   newspapers
   census information
   Chamber of Commerce
   utility company reports

2. A flat rental rate calls for a set monthly payment. In a percentage of sales agreement you agree to pay a base amount and a percentage of your monthly sales.

3. If your travel agency is located near business or industrial parks, you may be able to tap two types of clients at one time: the business traveler and the vacationer with leisure dollars to spend. Also, you will be in a location where you may be able to establish relationships with business and large commercial accounts that require travel services regularly. The disadvantages of this type of location are that you may have a lot of competition from established travel agencies in the area, and you may have to deal with many people who are not interested in buying, but who "just want a little information." Providing "a little information" may take up a lot of your time.

4. A traffic count will give you an idea of your potential walk-in traffic and the visibility of your agency. Additional information that would be helpful in choosing a site for your travel agency may include: zoning regulations, information on neighboring buildings and businesses, public transportation, available parking, number of travel agencies in the neighborhood, business and industrial growth of the community, average income of the residents, and the neighborhood's potential for growth.

5. b; if the agency is located near an industrial park or business area, its chances for success are increased, as it may be able to sell to both business and vacationer customers.

IV. Responses to Discussion Questions

1. This information is included in the text. Student responses should include both immediate and long-range planning considerations.

2. Student responses will vary depending on the school's location and the size and nature (urban, suburban, or rural) of the community. It is important to emphasize that this type of information is essential in deciding to open a travel agency, and then deciding where to locate that agency.

3. Student responses will vary. Any reasonable and justifiable response is acceptable.

4. Students should list factors to consider in evaluating a prospective site for a travel agency. This list may include the following:

   types of clients
   prior history of business in that location
   competition in the area
   availability of public parking
   traffic and walking patterns
   store space available
   local zoning rules and regulations
   characteristics of the neighborhood

V. Group Activity

The purpose of this activity is to encourage students to think analytically and objectively about factors to consider when choosing a location for their businesses. There are no correct answers.

You may wish to divide the class into small groups for their initial ratings. When students have completed their tasks, have each group present its ratings. Discuss the differences in ratings between the groups.

Unit 3 - Getting Money to Start (1 class period)

I. Vocabulary: undercapitalized
starting capital
loan officer

II. Case Study: Danielle talks about how much it costs to open a travel agency. She specifically mentions the ATC requirement that the agency staff include one person experienced in ticket sales. She talks about getting a bank loan to open her travel agency.

Text: The Business Plan
How Much Money Will You Need?
Fixtures and Equipment
Space Age Computers!
Now What About That Statement of Financial Need?

Points to Cover:

1. A personal résumé will have to accompany the business plan and the statement of financial need. You may want to bring in examples of completed résumés and discuss how to write a good résumé.

2. Business plans are also difficult to write. They should be well organized and show a carefully planned business strategy. You may want to bring in examples of business plans for a variety of businesses and share them with the class. Banks and lending institutions may be able to provide you with examples of successful business plans.

3. Computers are fast becoming essential to the travel business as well as many other businesses. Fifty years ago people were suspicious of the typewriter; now we can't do without it. The same thing is happening with computers. You may wish to discuss the impact of the computer industry on today's businesses and the effects computers are having on business practices.

III. Responses to Individual Activities

1. STATEMENT OF FINANCIAL NEED

Starting Expenses		Money on Hand	
Salaries	$1,200	Cash on Hand	$11,000
Building Rent	1,000	Gifts or Personal	6,000
Repairs and Renovations	2,000	Loans	
Equipment and Furniture	2,500	Investment by	0
Supplies and Forms	400	Others	
Advertising & Signs	3,000		
Licenses	0	TOTAL	$17,000
Utility & Phone Deposits	100		
Conference Fees & Applications	500		
Legal & Accounting Fees	1,000	TOTAL STARTING EXPENSES	$19,900
Printing & Stationery	500		
Subscriptions	300	TOTAL MONEY ON HAND	$17,000
Insurance & Bonding	200	TOTAL LOAN MONEY NEEDED	$ 2,900
Franchise Fee	7,000		
TOTAL	$19,900		

2. Responses will vary, depending on students' individual interests and concerns. The main topics in a business description are listed in the student guide. Students should include as much information as possible on these topics.

IV. Responses to Discussion Questions

1. A business plan is necessary to convince the bank that you are a good business risk and that your business is worth investing in. In addition, a business plan will help you plan your business carefully, anticipate your financial needs and the risks involved, and plan your strategy for success.

2. A bank may deny you a loan if it feels that you are not a good business risk. For example, your reliability may be questionable; you may lack the needed business management skills, or there may be no need for a travel agency in your community.

3. You can apply to another bank or lending agency. In addition, you should carefully review your loan application and business plan and improve upon them where needed.

4. Students may differ in their responses. However, Van's best bet is probably to borrow the money from the bank. Although the interest rate is 16%, he will have three years to repay the loan--money and time that may be needed for his business to become well established. Also, Van will be establishing a credit rating with the bank.

V. Group Activity

This activity is designed to give students practice in writing a business description based on information provided in the case study and the text. Give students feedback on the completeness of the business desacription with respect to the coverage of:

1. Business type and name
2. Services to be offered
3. Business location and reason for choice
4. Potential customers
5. Competition
6. Plan for competing
7. Plan for running the business and keeping it successful.

Also give studens an overall opinion about how persuasive the business description is--tnat is, how likely you think it is to get them a loan and why.

Unit 4 - Being in Charge (1 class period)

I. Vocabulary:

maximize	wages
extensive	compensation
benefits	communication

II. Case Study: Danielle talks about her hiring practicies and her staff and the pay plan she uses to keep staff enthusiasm and motivation high.

Text: Building the Business
Hiring
Communication is the Key

Additional Points to Cover:

1. You may want to talk about want ads, public and private employment agencies, and referral services, and how they are used by both employers and employees.

2. There are many other aspects of employer-employee relations that you may want to cover--raises, time off, firing, profit sharing, etc. Role play these situations if desired.

3. You may want to lead a discussion regarding the importance of establishing good communications and good employer-employee relations (rather than employer-friend relations).

III. Responses to Individual Activities

1. Good staff management can help your store in the following ways.

a. Sell skillfully to clients to maximize the amount of sales and minimize the number of mistakes.
b. Identify the needs of the client and improve customer satisfaction.
c. Keep financial and other records (inventory, bookkeeping, accounts, bills, etc.) so that losses through carelessness are kept low.

2. The ATC requires that either the owner or the agency manager have at least two years of full-time experience in ticketing, selling, and promoting travel.

3. a. F; the owner should take certain key responsibilities in the business--such as personal management and long-range planning. Other tasks such as sales and bookkeeping can be delegated.

b. F; it is just as necessary to have systematic application and interview procedures in a small business as it is in a large one.

4. Possible responses are:
a. shyness, lack of assertiveness during interview (may mean poor sales ability)
b. inability to communicate well with people
c. messy physical appearance, which may detract from the candidate

5. A written store policy will inform staff members about work assignments, fringe benefits, working hours, compensation, etc. These are the rules and regulations of the agency that should be followed. Since they are written down, no one can claim "they just didn't know."

IV. Responses to Discussion Questions

1. The salesperson must establish rapport with customers and find out what their needs are in order to give them personalized attention.

2. You should think twice about hiring this person. If he is an exceptional salesperson and if he is only one of a number of employees in your agency, you may consider hiring him on a trial basis. However, you should be looking for salespeople who are reliable as well as qualified because their performance will reflect on the image and reputation of your agency.

3. Student responses to this question will vary. Personalized service and attention will probably be the most common response. However, all other reasonable responses are acceptable.

4. Student responses will vary. Tony is obviously a hard worker and deserves a reward/incentive for his work. In order to keep Tony satisfied, you should consider giving him a raise. How much of a raise to give will depend on how much you can afford. However, other employees may resent this display of "favoritism." An alternative suggestion would be to implement some kind of profit sharing strategy, where a salesperson can make a commission based on volume of sales above the base salary. This may reduce tension and negative feelings among employees and provide an incentive for increased work activity.

V. Group Activity

The purpose of this activity is to sensitize students about the need to be clear about employee requirements and the interpersonal difficulties in interviewing people for jobs.

Select two students to assume the roles of Danielle and Gloria. Have students observe their performance, and then divide the class into several small discussion groups. Have the students discuss and critique the role-playing scene. Encourage students to generate lists of concerns that should have been addressed in the interview situation. Discuss these lists with the whole class and generate guidelines that can be used in interviewing employees for a job.

Unit 5 - Organizing the Work (1 class period)

I. Vocabulary: confirmation, estimate, automatic, time-consuming

II. Case Study: Danielle talks about how she plans trips for customers.

Text: The Source of All Things: Your Suppliers
Selling Travel
Ticketing and Itineraries
Who's Going to Do It and When?

III. Responses to Individual Activities

1.

TRAVEL PLANS

	LEAVE	ARRIVE	AIRLINE	FLT.CLASS	DATE	HOTEL	CAR	REMARKS
FROM San Francisco TO Denver	10:52 am	2:30 pm	TWA	147	10/6	Sheraton		
TO Kansas City	4:15 pm	5:57 pm	Frontier	23	10/9	Holiday	Nat'l	subcompact

2. An itinerary lists all the travel arrangements that have been made for the customer--class of service, costs, dates of travel, and accommodations. An itinerary will tell the client what has been done for him or her and is a way of keeping records of all arrangements and payments made.

3. A ticket includes the following information:

   - where and how the passenger is traveling;
   - the type of payment for the ticket;
   - the class of service, flight number, and date of travel; and
   - all the information necessary for billing purposes.

4. The general rules for arranging itineraries are:

   - don't plan too many stops;
   - avoid one-night stops whenever possible;
   - schedule at least three nights in major cities;
   - mix the types of transportation on a tour; and
   - double-check all completed work.

IV. Responses to Discussion Questions

1. A work schedule will tell you who is doing what, when it should be done, and when it is done. Schedules may be "thrown off" by any unexpected event. For example, an employee may be sick or arrive too late (car problems) to complete all the assigned work; a task may take longer than expected to complete; the computer or any other office equipment may malfunction on that particular day; an irate customer may come in demanding attention; another customer may want to change reservations and plans that have already been confirmed, etc.

2. You should find out what they want. What are their interests? What type of vacation activities would they enjoy (sightseeing, resort accommodations, sports, etc.)? Do they want to meet people? Get away from it all? For how long? How much independence do they want? How much can they afford to pay? All these considerations will affect the travel arrangements you make for them.

3. Your suppliers are the transportation companies, tour companies, and accommodations that you represent and "sell" to your customers. Your major suppliers will be the airlines; airline tickets may account for up to 75% of sales. Generally, the suppliers you represent should be trustworthy and reliable. The first thing you should do when you start to organize your work is to make sure you and your staff know who the suppliers are, their histories (and reputations), and the types of services they offer.

V. Group Activity

The purpose of this activity is to give students an awareness of the need to organize and manage work loads. Student estimates of time required and responses to this question will vary. However, in terms of which of these tasks could be put off for another day, student responses should reflect a sensitivity to work priorities.

The most important and immediate task is dealing with a dissatisfied customer. The least important task is reading the junk mail. The bills are probably not due immediately, so they too can be put off for a while.

Writing out the weekly payroll checks should be your next highest priority. Your employees will have bills to meet and payments to make and you must provide their payroll checks on time. You can reschedule your meeting with your tax consultant as well as your consultation about redesigning your Yellow Pages ad, since there is no immediate date for either activity.

Unit 6 - Setting Prices (1 class period)

I. Vocabulary:

break-even point	itinerary
offset	guarantee
gross sales	deregulate
gross profit	recession
net profit	inflation
credit	

II. Case Study: Travel agents do not determine ticket prices. These are fixed by the carriers. Profits come from the commissions on sales, which are also fixed and low. Danielle talks about how this affects her business.

Text: Who Sets Prices?
What about Profits?
Hunting Down Business Accounts
Selling Dream Vacations
Selling Package Tours
Group Tours
But Now the Rules Have Changed

Additional Points:

1. The low profit margin in the travel business affects employee salaries, which also tend to be very low. This is usually true when a new travel agency opens. Of course, the owners hope that a high volume in sales will lead to higher profits, and that eventually they will all be making larger salaries.

2. You may want to discuss the problems of "undercapitalization" and poor financial planning as they relate to travel agencies. Mention ways in which owners of travel agencies cope until they begin to show a profit.

III. Responses to Individual Activities

1. The "break-even point" is when the income from sales is just sufficient to pay for all costs (operating expenses, salaries, rent, etc.), without any surplus that can be called profit.

2. The travel agent does not set ticket prices. Prices are determined and regulated by the major carriers (who may in turn be affected by fuel prices, labor and equipment costs, load capacity of the airplanes, etc.). The major carriers also determine the commission on sales paid to the travel agents--which tend to be low. The combination of commission rates and the volume of sales determines profits.

3. Gross Profit = $800,000 x .10 = $ 80,000

   Net Profit = $800,000 x .02 = $ 16,000

4. The tour package has been pre-arranged by the tour company, often at special group rates. If you sell customized vacations, you must be able to sell the itinerary to your customer, and you must know the fare, schedule, and lodging alternatives. You will be responsible for making all the reservations and bookings. The time and effort it will cost the travel agent may equal or even exceed the commission earned!

IV. Responses to Discussion Questions

1. Deregulation has led to a general reduction in air fares and a general increase in travel business. But because there is no centralized control system, flight schedules and fares change rapidly, with little or no warning. Computers have assumed an increasingly important role in travel agencies, since they help travel agents keep informed and updated on travel options. In addition, vacation travel, which was once seasonal, has started to stabilize, as people are anxious to take advantage of "special rates" any time they are offered.

2. In order to receive commissions on air ticket sales (which may comprise as much as 75% of your business), you must be an ATC and IATA member. ATC and IATA contract with the travel agent, who represents the airlines to the public. A travel agent must meet ATC and IATA rules and regulations to maintain membership and to make commissions.

V. Group Activity

The purpose of this activity is to introduce students to the diversity and range of travel options that are available through travel agents. The activity requires them to evaluate the tour packages they identify in terms of what they get for the money spent.

It is unlikely that students will be able to get all the information they request, and it will be difficult to make fair comparisons among tour packages. However, if they were planning to take a vacation, they would have to make similar choices and comparisons as a consumer. Encourage students to evaluate tours from this perspective. What is the "best" investment for their money? Why?

Unit 7 - Advertising and Selling (1 class period)

I. Vocabulary:

refer	appeal
media	logo
impressions	brochure
promotion	conclusion
campaign	circulation

II. Case Study: Danielle talks about word-of-mouth advertising and some of the techniques she has used to advertise and promote her travel agency.

Text: Why Advertise?
What Kind? Where?
In Addition...
Qualities of a Good Ad

Additional Points to Present:

1. It's useful to bring in advertising from different sources for students to look at before they read the unit. Listening to ads on TV or the radio can help too.

2. You may want to have the students role play the travel agency owner going out to introduce her- or himself to potential business clients. Remind students that these experiences can be quite negative and that they should be prepared for this.

III. Responses to Individual Activities

1. A good ad should be informative, simple, and truthful. It should be easy for the reader to recognize as well as visually attractive. Illustrations and graphic designs will help get people's attention. A good ad should show the benefit to the reader--why they should use a particular travel agency and "what's in it for them."

2. Students should be encouraged to be imaginative and creative in their designs. It may be helpful to direct their attention to certain themes such as winter vacations in Hawaii or tours of Indian ruins in Mexico. Ads must include certain vital facts--the name and address of the agency, business hours, and telephone number.

3. a) C
   b) A
   c) B
   d) D

4. The answers to this question will vary with the policies of the local phone company.

IV. Responses to Discussion Questions

1. Acceptable responses may include lectures, raffles, travelogs, charitable contributions, or involvement with business and community groups. Students should be encouraged to be imaginative--e.g., combine a fashion show of the latest designs in ski apparel and equipment with a presentation of available vacation packages to popular ski resorts.

2. Schedules, fares, and travel packages may change daily. Price-conscious consumers want special deals and the latest fare and rate reductions. Therefore, these special ads serve an educational function and promote goodwill as well as help attract clients and sell your services.

V. Group Activity

The purpose of this activity is to sensitize students to advertising themes and to encourage them to create their own theme. You may wish to lead group discussions on how the travel industry advertises, and what the images used to advertise travel communicates to the buyer. How are these images effective? Make sure students' ads have all the qualities described in the text. Have the class choose the best one.

Unit 8 - Keeping Financial Records (1 class period)

I. Vocabulary: mysterious
reservation
automatically
confirmation
blacklist

II. Case Study: Danielle talks about the importance of keeping accurate and up-to-date records of her business.

Text: Why Keep Records?
Giving Credit
Reporting: The Monthly Cash Sheet

Additional Points to Present:

1. This unit was designed primarily for use by students who have not had any bookkeeping experience. It may be too simple for those students who have already studied bookkeeping.

2. Many small businesses use a bookkeeper or accountant to compile records for tax purposes. The financial records that the business keeps are usually the basic ones from which the bookkeeper or accountant works.

3. Some small business owners keep few or no financial records. Such businesses take a big risk if they are ever required to account for their transactions, or if the IRS ever asks to see their books.

III. Responses to Individual Activities

1. There is a thriving black market in stolen and illegal credit cards. All credit sales should be checked before you give the customer the ticket to ensure that: (1) the credit card has not been reported stolen, (2) the customer is not going over his or her credit limit, and (3) the card is still valid and has not expired.

2. If a travel agency reports monthly gross sales of $50,000 and an average percentage rate of 8.5%, the company has earned $4,250 in commissions.

3. An itinerary will inform the traveler of all arrangements you have made as well as costs, taxes, and schedules. It is a way of ensuring that all the travel arrangements are to the customer's satisfaction, and that the amount of money charged accurately reflects all costs.

4. b; the monthly cash sheet provides a summary of your financial records. It does not provide detailed information for specific days or the type of tickets sold.

IV. Responses to Discussion Questions

1. People expect businesses to honor credit cards. Despite the recent increases in interest, credit cards have become an essential element in business. Credit cards make buying easier and more convenient. If it is convenient to do business at your agency, people will be more likely to come to

you. In return, you don't have to worry about sending out bills or collecting on "bad accounts" because the card companies take these responsibilities.

On the other hand, each time a credit sale is made, the card must be checked to make sure it has not been stolen or "blacklisted" because the bills have not been paid. If the sale is made without this check and the credit card is bad, you may be responsible for this cost and/or the card company may decide that it can do without your business. Also, if you have a lot of credit sales, this may limit your cash on hand, since you have to wait for the card company to reimburse you.

2. It is important to keep records of your travel arrangements so you will know what has been done for the customer--and if there is a misunderstanding, error, or omission, who is to be held responsible. Good financial recordkeeping forms the basis of the profit/loss statement and other summary reports that are important for tax purposes and for letting you know how well your business is doing.

3. A monthly cash sheet will give you a good idea of your monthly gross and net profits and the "success" of your business in terms of sales (for example, maybe you should be trying to sell more tour packages and increase your commission percentages). Many businesses don't do this because completing a monthly cash sheet can be a time-consuming process, and it can be extremely difficult if your bookkeeping system is inadequate to begin with.

V. Group Activity

A travel agency owner might have to make any of the following decisions--whether to:

- take a smaller or larger salary;
- take a vacation or work longer hours;
- do more advertising;
- lay off employees;
- get a bank loan to pay back bills or to expand the business;
- offer new or different services;
- change locations; or
- cut down on operating expenses.

Good financial records will give the owner information on where money has been spent and how much has been brought in. He or she can assess the "health" of the business and then decide whether to expand or "cut back."

Unit 9 - Keeping Your Business Successful (1 class period)

I. Vocabulary: compute
formula
expand
alternative

II. Case Study: Danielle talks about her reasons for not wanting to expand her business.

Text: Keeping Track of Profits
What Is Net Profit?
Figuring Out Your Profit and Expense Ratios
How to Change Your Profit Ratio
Expanding Your Service

Additional Points to Consider:

1. Some of the decisions business owners have to make are hard ones, such as firing or laying off employees. But sometimes this is necessary, particularly if the survival of the business is at stake. You may wish to lead a discussion on "how to let people go--the nice way."

2. In this unit, also, you may want to stress that there are many reasons to own a business. In the travel business, money may not be the most influential one, particularly since the profit margins are so low! However, the travel business offers some opportunities for "glamour" and travel. Many people enter this business for these reasons.

III. Responses to Individual Activities

1. a) Net profit is the amount of money left over after you have subtracted all your operating expenses from your revenues. Profit ratio is net profit divided by revenues. Expense ratio is expenses divided by revenues. (Together they should add to 100%.) These two ratios can be used to evaluate the financial standing and potential growth of the agency.

b) Revenue in the travel business does not refer to the gross amount of sales. Rather, it refers to the total commission income you have made from your sales.

2. The higher commision sales are generally vacation plans and tour packages. If you focus on these sales, you may lose your commercial accounts, which tend to bring a low but steady flow of business into your agency. Business travelers may also want your services in making their vacation plans. On the other hand, an emphasis on tour packages and vacation plans may help you develop a distinctive image and reputation for your agency. Whereas you may get fewer customers, the

amount of commission you make on each sale may enable you to reduce your workload a little and still bring in a good profit.

3. If you increase the number of sales, you will increase your workload; you may have to invest in additional employees, furniture, equipment, and supplies. You may not be able to supervise the work as easily as before. However, increased sales should contribute to increased commissions income (although the average rate may stay the same) and contribute to the financial success of the agency.

4. Profit ratios can be increased by increasing the number of sales, selling tickets that pay higher commission rates, and reducing expenses.

IV. Responses to Discussion Questions

1. Some travel agents prefer to remain small in order to maintain the quality of personal service and sales in their agencies. Larger agencies mean more work and more people to supervise.

2. Any reasonable responses are acceptable. Generally, increases in fares and are the primary reason for sales to decline in the travel business. The new system of "net fares" and increased operating costs can also make profits fall.

V. Group Activity

The purpose of this activity is to summarize the module. The individual units all have to do with planning the business and can be used by students as resources.

Students can do this activity individually or in small groups and share their results with the class. This activity can also be used by students as a self-assessment tool to evaluate how interested they are in the travel business now that they have been introduced to some of the "ins and outs."

Summary (15-30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

The Summary section of the Student Guide covers the main points of the module. You may wish to discuss this briefly in class to remind students of major module topics.

Remind students that their study of this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own travel agency.

More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

You may want to use a wrap-up activity. If you have already given the quiz, you can go over the correct answers to reinforce learning. Or you could ask class members to talk about what they think about owning a small business and whether they will follow this option any further.

Quiz (30 minutes)

The quiz may be used as an assessment or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. b
2. d
3. d
4. c
5. d
6. c
7. b
8. a
9. c
10. c
11. a
12. b

13. gross profit: $40,000
    net profit: $19,000

14. d

15. d

16. a

17. a

18. c

19. a

20. b

SUGGESTED READINGS

General Entrepreneurship References

Holt, N., Shuchat, J., & Regal, M. L. Small business management and ownership. Belmont, MA: CRC Education and Human Development, Inc., 1979.

Jeanneau, J. A. Small business management: Instructor's manual (4 vols.). Prince Albert, Saskatchewan: Department of Manpower & Immigration, Trainin. Research and Development Station, 1973.

National Business Education Association. Business ownership curriculum project for the prevocational and exploratory level (grades 7-9): Final report. Reston, VA: author, 1974.

Nelson, R. E., Leach, J. A., & Scanlan, T. J. Owning and operating a small business: Strategies for teaching small business ownership and management. Urbana, IL: University of Illinois, Department of Vocational/Technical Education, Division of Business Education, 1976.

Rowe, K. L., & Hutt, R. W. Preparing for entrepreneurship. Tempe, AZ: Arizona State University, College of Business Administration, 1979.

Travel Agency Resources

Bowers, N. How to open your own travel agency. Palo Alto, CA: Travel Publications, 1974. (Contact author for availability at Awana Travel, Sharon Heights Shopping Center, Menlo Park, CA.)

Hochstein, M. Travel agencies have to grow up fast. Venture, January 1980, pp. 34-38.

Acknowledgments:

Mrs. Sheila Hyman
Henderson's Travel Agency
San Bruno, CA

Mr. Jerry Sorenson

Mrs. Sara Ellen Case

GOALS AND OBJECTIVES

Goal 1: To help you plan your travel agency.

Objective 1: Describe the products, services, customers, and competition of a travel agency.

Objective 2: List the personal qualities of a successful travel agency owner.

Objective 3: List three ways to help your business compete successfully with other travel agencies.

Objective 4: List one or more legal requirements for operating a travel agency.

Goal 2: To help you choose the right location for your travel business.

Objective 1: List three things to think about in deciding where to locate your travel agency.

Objective 2: Choose the best location for opening a travel agency.

Goal 3: To help you plan how to borrow money to start your travel agency.

Objective 1: Write a business description of your travel agency.

Objective 2: Fill out a form showing how much money you need to borrow to start your travel agency.

Goal 4: To help you select and manage the people who work with you.

Objective 1: Decide how to divide the work of your travel agency among your employees.

Objective 2: Describe the type of supervision or training you might give your employees.

Objective 3: From a list of job applicants, pick the best sales person for your travel agency.

Goal 5: To help you organize the work of your travel agency.

Objective 1: Fill out a travel itinerary for a customer.

Objective 2: Give a description of the type of work and organization needed to operate a travel agency.

Goal 6: To help you decide how to set the prices for your travel services.

Objective 1: List factors that affect the prices of tickets and fares for your clients.

Objective 2: Calculate the gross and net profits from ticket sales and commissions.

Goal 7: To help you learn ways to advertise your travel agency.

Objective 1: List ways you can advertise your travel agency.

Objective 2: Design a printed ad for your travel agency.

Goal 8: To help you learn how to keep financial records for your travel agency.

Objective 1: Fill out a monthly cash sheet that records money coming in and going out of your business.

Goal 9: To help you learn how to keep your travel agency successful.

Objective 1: Figure out the net profit, profit ratio, and expense ratio for a travel agency.

Objective 2: Describe at least one way to increase profits.

Objective 3: Suggest a way to change your business to increase sales and attract more clients.

GPO 791-663/239